

Proposed Rules

Federal Register

Vol. 64, No. 163

Tuesday, August 24, 1999

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 93

[Docket No. FAA-99-5927; Notice No. 99-12]

RIN 2120-AG73

Commercial Air Tour Limitation in the Grand Canyon National Park Special Flight Rules Area; Correction

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking; correction.

SUMMARY: This document contains a correction to a notice of proposed rulemaking published in the **Federal Register** on July 9, 1999 (64 FR 37304). That document proposed a commercial air tour limitation in the Grand Canyon National Park Special Flight Rules Area. This correction adds the docket number reference to the ADDRESSES section of the NPRM. Additionally, the correction removes Las Vegas Airlines, Inc. from the list of certificate holders that are currently in business and adds them to the list of certificate holders that will receive allocations only if they notify the FAA by the comment date that they intend to conduct air tour operations in the Grand Canyon and are certificated to do so.

FOR FURTHER INFORMATION CONTACT: Alberta Brown; Telephone 202-267-8321.

Correction

In the proposed rule published on July 9, 1999, beginning on page 37304, FR Doc. 99-17319, make the following corrections:

1. On page 37304, column 1, in the ADDRESSES section, line 5, remove “[]” and add in its place, “FAA-99-5927”.

2. On page 37309, column 1, under the heading, “2. Certificate Holders Receiving Allocations”, beginning on line 21, remove “Las Vegas Airlines, Inc.”.

3. On page 37309, under the heading “2. Certificate Holders Receiving Allocations” in Column 3, after line 8, add “**Las Vegas Airlines, Inc.”.

Issued in Washington, DC on August 13, 1999.

Michael Chase,

Acting Assistant Chief Counsel.

[FR Doc. 99-21648 Filed 8-23-99; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-116733-98]

RIN 1545-AW79

Guidance Under Section 355(e); Recognition of Gain on Certain Distributions of Stock or Securities in Connection With an Acquisition

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to recognition of gain on certain distributions of stock or securities of a controlled corporation in connection with an acquisition. Changes to the applicable law were made by the Taxpayer Relief Act of 1997. These proposed regulations affect corporations and are necessary to provide them with guidance needed to comply with these changes. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by January 5, 2000. Outlines of topics to be discussed at the public hearing scheduled for January 26, 2000, at 10 a.m. must be received by January 5, 2000.

ADDRESSES: Send submissions to CC:DOM:CORP:R (REG-116733-98), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-116733-98), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC.

Alternatively, taxpayers may submit comments electronically via the Internet by selecting the “Tax Regs” option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.ustreas.gov/tax_regs/regslst.html. The public hearing will be held in Room 2615, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Brendan O'Hara, (202) 622-7530; concerning submissions of comments, delivering comments, the hearing, and/or to be placed on the building access list to attend the hearing, LaNita Van Dyke, (202) 622-7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

A. State of the Law Before Section 355(e)

Section 355 generally provides that, if a corporation distributes to its shareholders stock of a corporation which it controls immediately before the distribution and certain other conditions are met, neither the distributing corporation nor its shareholders recognize gain or loss. A number of the conditions for tax free treatment (for example, the continuity of interest requirement of § 1.355-2(c), the “no device” requirement of section 355(a)(1)(B), the five-year active business requirement of section 355(b), and the limitation on disqualified stock under section 355(d)) operate to limit the circumstances in which the distributing or controlled corporation can undergo changes of control in conjunction with a distribution that qualifies for corporate and shareholder-level nonrecognition under section 355. Nevertheless, prior to the enactment of section 355(e), it was possible for such changes to occur, for example, in the context of tax free reorganizations, while qualifying for tax free treatment under section 355. See, e.g., *Commissioner v. Mary Archer W. Morris Trust*, 367 F.2d 794 (4th Cir. 1966).

B. Legislative Proposals Leading to Section 355(e)

As part of its Fiscal Year 1997 Budget, the Administration proposed a provision that would require a distributing corporation to recognize gain on the distribution of a controlled